



## CITY OF DURHAM | NORTH CAROLINA

**Date:** November 20, 2012

**To:** Thomas J. Bonfield, City Manager  
**Through:** Keith Chadwell, Deputy City Manager  
**From:** Kevin Dick, Director – Director, Office of Economic and Workforce Development  
Grace Dzidzienyo, Senior Economic Development Manager  
Peter Coyle, Senior Economic Development Coordinator  
**Subject:** Amendment to the Building Improvement Grant Contract with Hutchins Properties, LLC

### Executive Summary

This item recommends the approval of a contract to amend the agreement between Hutchins Properties, LLC and the City of Durham related to the Building Improvement Grant awarded to Hutchins Properties, LLC on December 19, 2011.

### Recommendation

The Office of Economic and Workforce Development (OEWD) recommends that the City Council authorize the City Manager to:

1. Hold a public hearing on the proposed amendment to an economic development economic incentive agreement per G.S. 158-7.1; and
2. Execute an amendment to the Building Improvement Grant agreement between Hutchins Properties, LLC and the City of Durham dated December 19, 2011 to extend the contract from an end date of December 19, 2012 to June 30, 2013.

### Background

On December 19, 2011, the City Council approved a Building Improvement Grant of \$70,000.00 for economic incentive improvements to a building located at 408 W. Geer Street, in Durham.

### Issues and Analysis

In a letter received November 12, 2012, Hutchins Properties, LLC informed OEWD that it will be unable to complete the building improvement project by December 19, 2012, the completion date provided in the original Agreement. In the letter, the company provided the following reasons:

Structural repairs have been completed to the north side of the building, including the installation of 30 helical piers to the foundation.

A storm water assessment has been completed in collaboration with Dana Hornkohl of the City Storm Water Services Department. As a result, storm water repairs are slated to be made January through May 2013.

A tenant with a lease to occupy a portion of the building for a restaurant had been in place but was unable to move forward, requiring that a new tenant be found. While a potential new tenant for that space has been identified, some modification of the design for the space will be necessary.

The improvement of the building at 408 W. Geer Street would contribute to economic development in the Downtown area and the adaptive reuse of a previously vacant property. Although one of the objectives of the Building Improvement Grant Program is to fund projects to be completed within twelve months, staff recommends approval of the extension because such an approval would be consistent with the broader vision of the Citywide Strategic Plan goal for a strong and diverse economy.

#### **Alternatives**

The City Manager may choose to reject the recommendation to extend the agreement or to approve a different length of time for the extension. Such decisions may impact the abilities of this project to meet the broader visions of the aforementioned plan and the ability of the project to be an important part of redevelopment at the northern end of the Downtown area.

#### **Financial Impact**

Extending the contract by six months would have no financial impact as the amount of the grant will not change.

#### **SDBE**

An SDBE summary is inapplicable because no project-specific goals have been set and no SDBE's are involved in this item.

#### **Attachments:**

Amendment to Agreement between Hutchins Properties, LLC and the City of Durham for Building Improvement Incentives for Economic Development.